

E-Learning Business Models
Framework and Best Practice Examples

TEACHING CASE NOTE FOR INSTRUCTORS

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LEARNING OBJECTIVES

Students will

- a) Learn about the changes in the education market: what are the changes, what are key drivers forcing the changes? What convergence effects exist on the education market? Why is the line between the academic and corporate sector blurring?
- b) Learn about about new E-Learning business models: their revenue models, the changes of the “traditional” value chain, compare the benefits and risks.
- d) Learn some specific examples of E-Learning business models in action.
- e) Discuss the further development of the E-Learning market: who might be the winners?

E-LEARNING MARKET OVERVIEW

The educational market landscape has developed several models to produce and deliver educational products. Some have their roots in the academic sector, some in the business sector. But the line between both sectors academic education and corporate training is blurring. As innovative E-Learning business models one may distinguish between ""the Alma Mater Multimedialis" which describes a "traditional university" in the transformation process focusing on implementing the new learning paradigm and new ways of delivering education, "Virtual Universities", "University Networks", "Corporate Universities", "Education Providers" and "Education Consortiums".

The E-Learning market is still small, but rapidly growing in all customer segments and geographies if one trusts the forecasts. The current E-Learning landscape is concentrated on the U.S. and the corporate segment, especially IT training, the largest subject segment in corporate training (Brockhaus et. al., 2000).

The most promising market within the education industry might be corporate E-Learning, E2B market. Companies face more economic and social pressures to find new ways of training delivery, and fewer regulatory, bureaucratic, financial, and technical barriers to implementation of E-Learning than other segments of the education industry.

Who might be the winners?

- Winner 1: New intermediaries, navigators who provide customers orientation, useful added value services,
- Winner 2: Strong Brands on the Net: brands function as orientation points and trust bonus on the Internet.
- Winner 3: the Continuous Mover: customer relationship management is very important, provide learning communities, continuously attract customers to come back to the E-Learning website, consider cultural differences, etc.
- Winner 4: Integrators of the real and virtual World: companies who can provide solutions how to integrate E-Learning products, virtual classrooms and real classrooms. The most successful E-Learning models of the future will likely be hybrid E-Learning networks that are combinations of academic, professional and corporate content.

TEACHING GUIDE

Depending on the time available, the class session might proceed in the following way:

a) To open the class, the student group might be asked to discuss the changes in the education market: why is E-Learning such a hype at this time? What are driving forces? What effects does E-Learning cause?

b) Students reflect on the framework of new business models on the E-Learning market. They could check and update the described cases. Why one might think these cases are successful best practice examples?

c) Students should work out an evaluation criteria matrix to compare the different E-Learning models.

The following issues could be addressed:

- What are strategic goals of the different models? Drivers?
- What are the benefits and risks?
- What does the value chain of this model look like? What changes might be compared to a traditional educational value chain?
- Revenue model: how do they earn money?
- What are the critical success factors for each model?
- Figure out and analyze other cases and best practice examples.

d) Discussion about possible winners on the E-Learning market: which business model will be most successful? What are success factors?

e) Wrap-up: The instructor provides the concept of who might be the winner on this E-Learning Market (Winner 1, 2, etc). Current examples of key players on the E-Learning market could also be provided as updated information.

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